

VECTREN CORPORATION

Summer 2006 Outlook



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Not just power. Possibility.

Summer 2006 Outlook

- **Demand Forecast**
- **Supply Resources**
- **Contingencies**
- **Demand Side Management**
- **Operational Performance**
- **Asset Management**
- **MISO**
- **Conclusion**

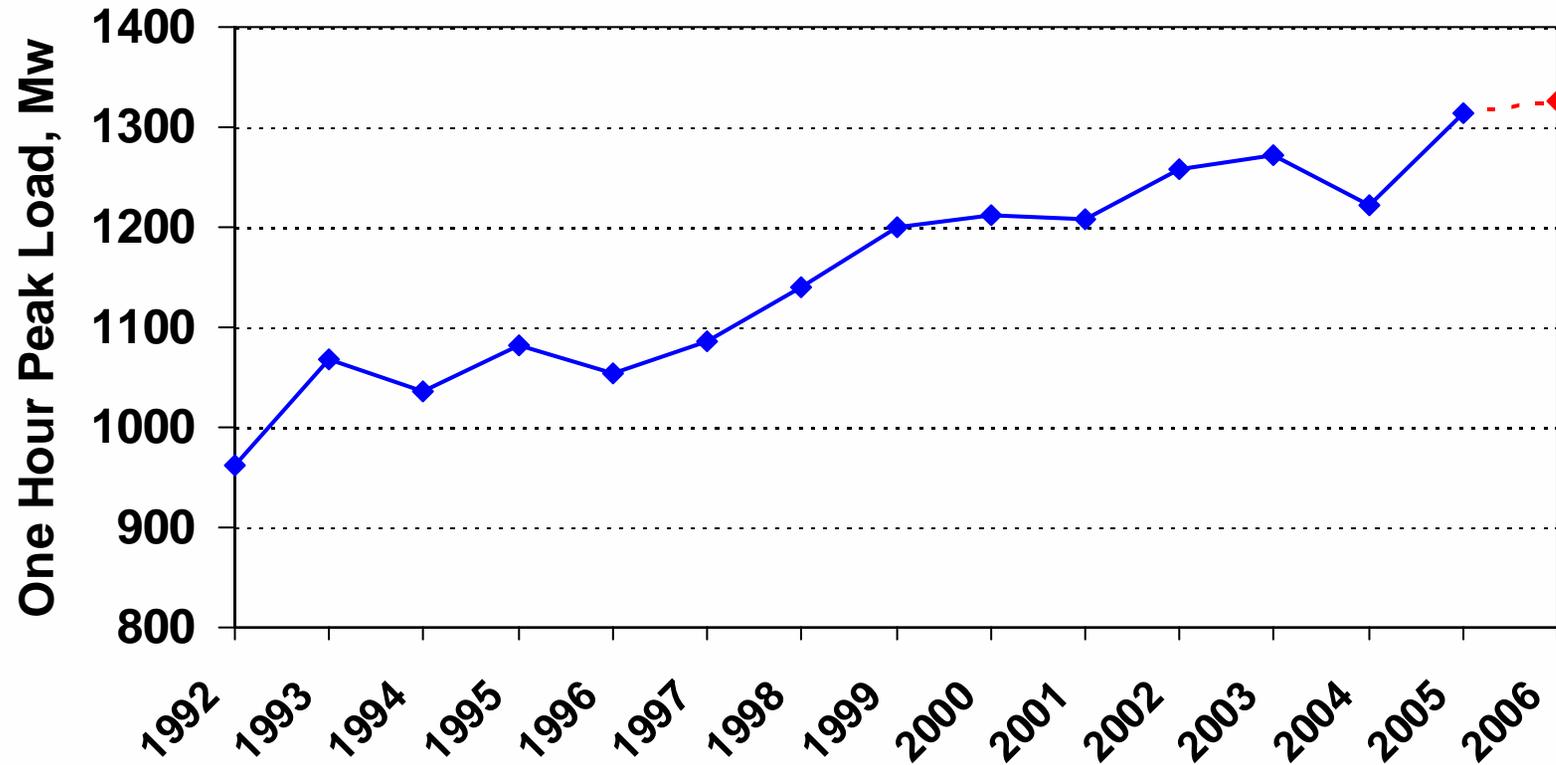


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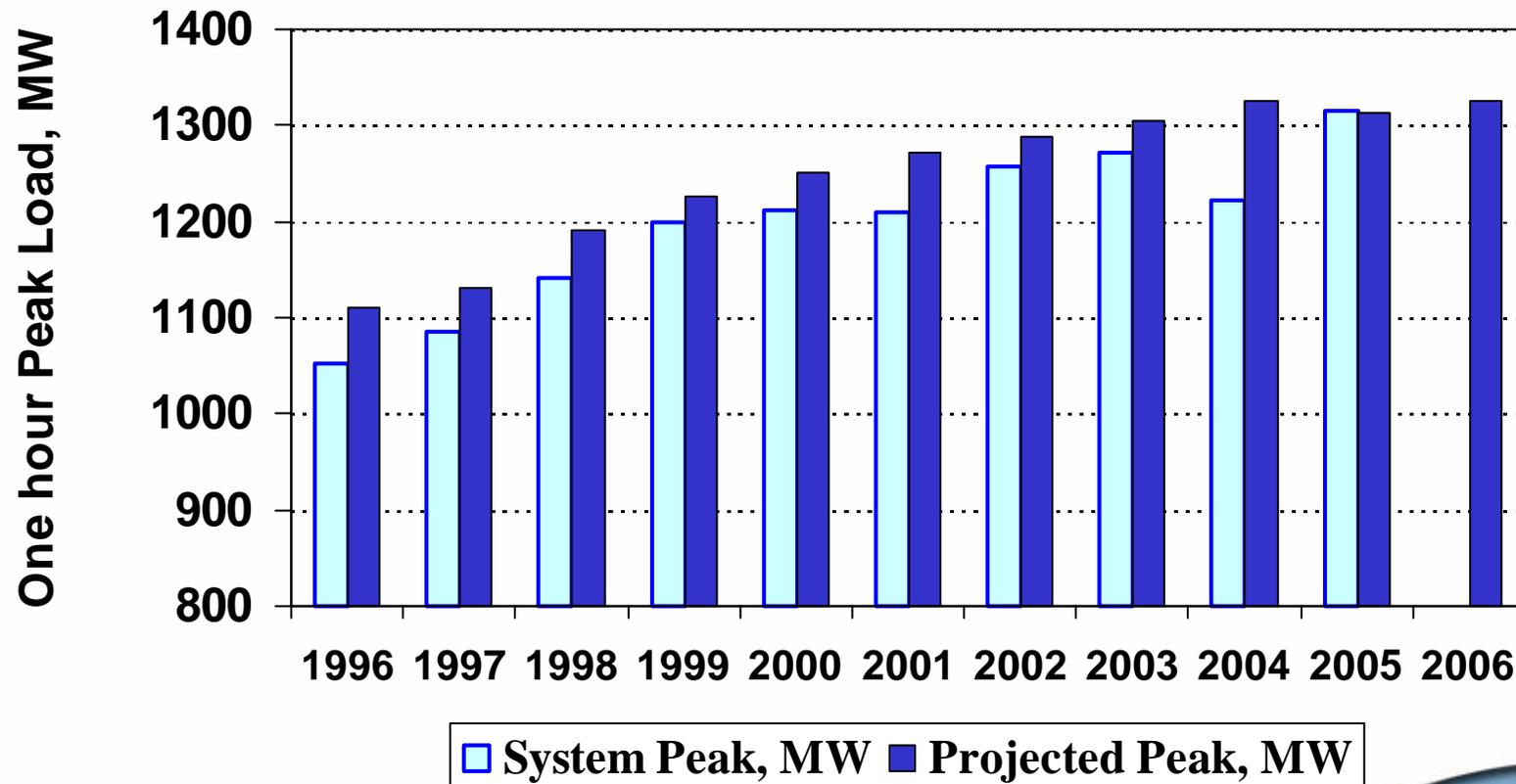
Summer Peak Load

Demand Forecast



Summer Peak Load

Peak Forecast vs Actual Peak



Vectren System Capacity

Summer Supply Resources

• Coal Generation	1053 MW
• Combustion Turbine	295 MW
• OVEC	30 MW
• Purchased Peaking Capacity	73 MW
• Interruptible Customers	38 MW
• DLC, normal	25 MW
• DLC, emergency	<u>25 MW</u>
Total	1539 MW



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Vectren System Capacity

Meet Summer Projected Peak

System Capability	1451 MW
Interruptible	38 MW
DLC (MAX)	<u>50 MW</u>
Total Capability	1539 MW
2006 Projected Peak	1326 MW
Reserve Margin (16.1%)	213 MW
Capacity Margin (9.4%)	125 MW
Vectren System Capacity Margin (1.7%)	22 MW



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Demand Side Management

Meet Summer Projected Peak

Continuation of Direct Load Control Program

- **25-50 MW (based on cycling strategy)**
- **41,000 Residential Customers Participate**
- **2,700 Business Customers Participate**
- **Marketing Efforts**
 - **Bill Stuffers**
 - **Newspaper Articles**
 - **Web Site (www.vectren.com)**

Net Metering Tariff Available



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Contingencies

Meet Summer Projected Peak

- **RFO Automatic Reserve Sharing** **As Needed**
- **Contractual Capacity Releases** **25-150 MW**
- **Internal Use Reduction Plans** **10 MW**
- **Conservation Request** **30 MW**
- **Emergency Load Reduction Plan** **Last Resort**



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Contingencies

Meet Summer Projected Peak - Conservation

- **News Release**
- **Media Spots**
- **Key Account Managers Request Major Customer Load Reduction**
- **Contact Center – Request Usage Reduction**
- **Outbound Automated Conservation Request**

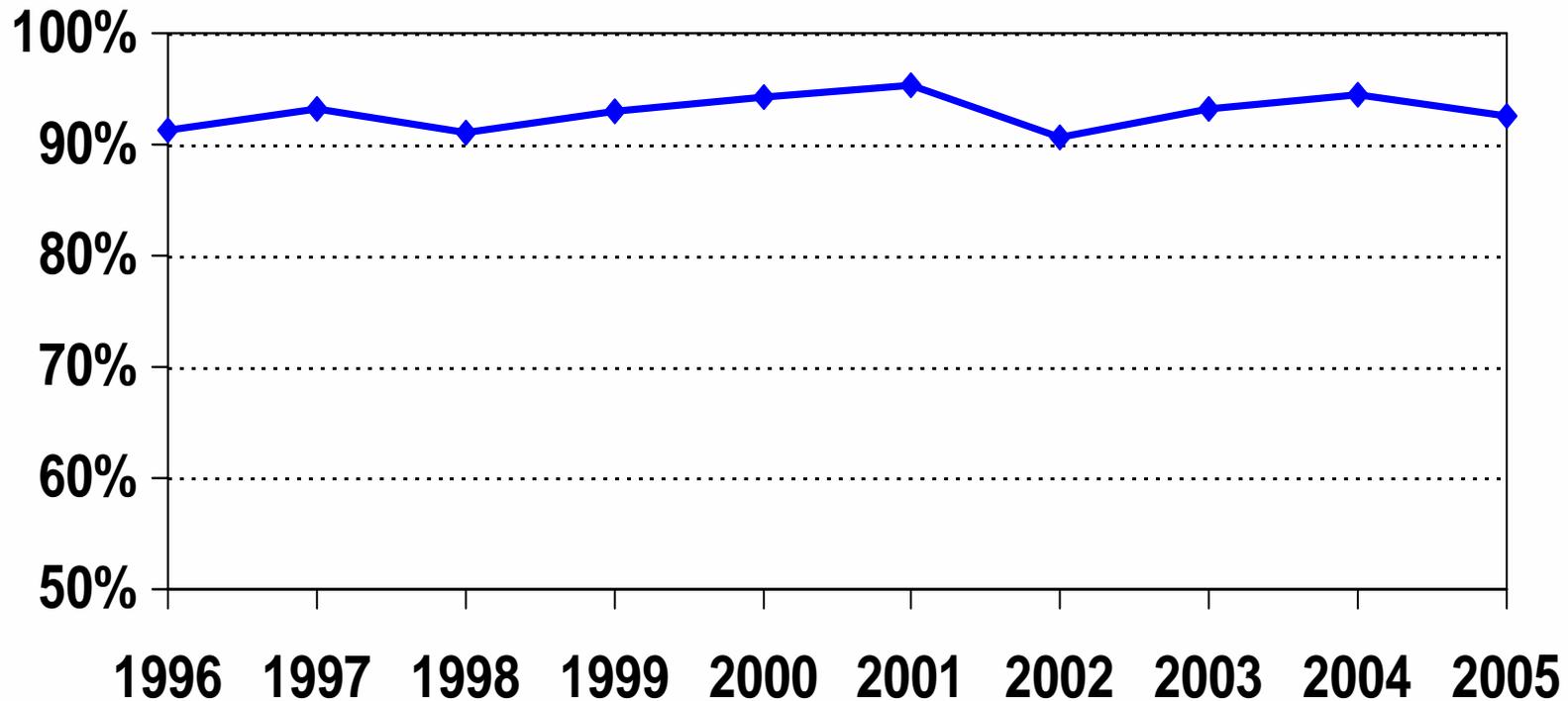


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Operational Performance

June through August Equivalent Availability



—◆— Equivalent Availability, %

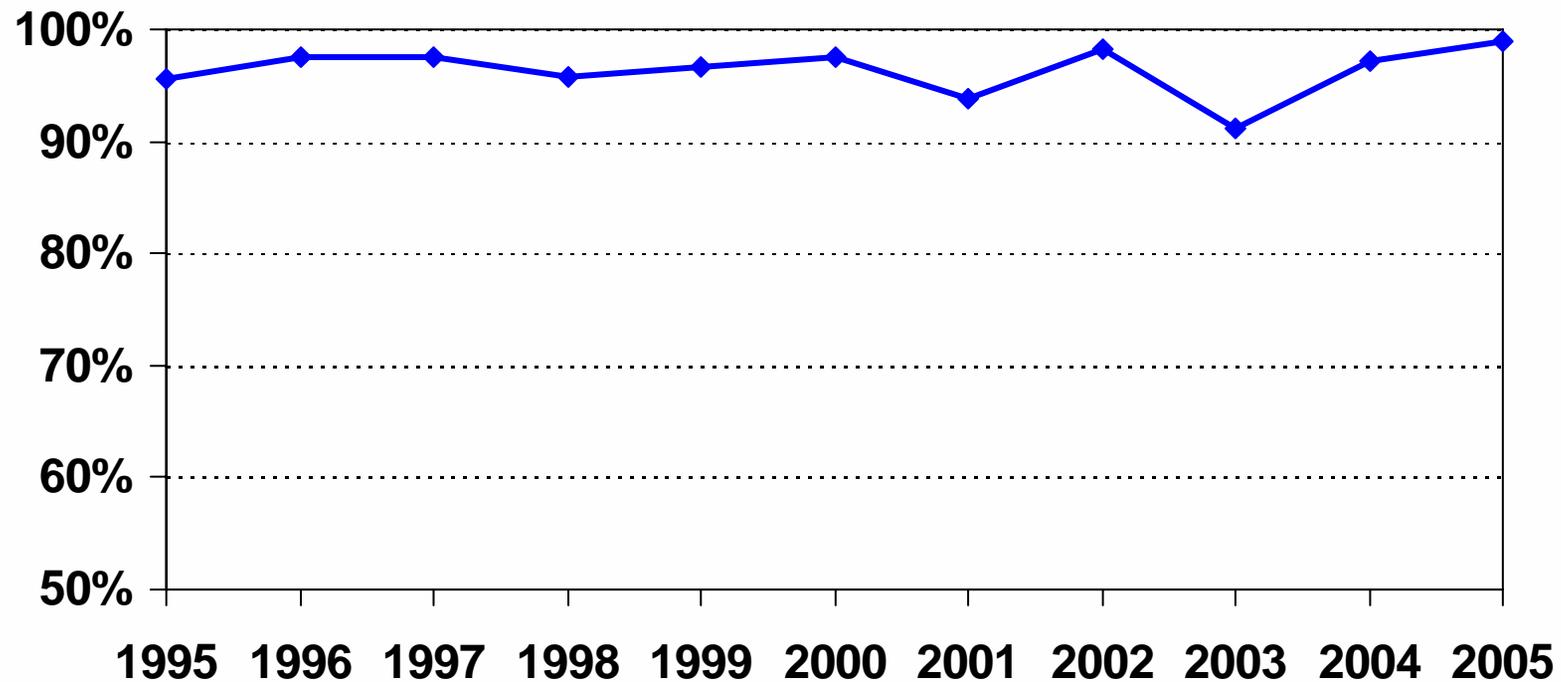


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Operational Performance

Summer Peak Hour Equivalent Availability



—◆— Equivalent Availability, %



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Asset Management

Generation

- **Scheduled Outages**
 - **Scheduled outages to ensure the reliability of the generating fleet.**
- **Capital Improvements**
 - **Continue to identify/evaluate asset risks for replacement or improvements.**



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Asset Management

Generation

- **Preventative Maintenance**
 - **Continue to schedule and perform preventative maintenance to sustain asset performance.**

- **Predictive Maintenance**
 - **Continue to analyze our critical assets through oil analysis, vibration analysis, infrared thermography, etc. to predict/correct failures before they occur.**



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Asset Management

Transmission & Distribution

- **Capital Improvements**
- **Enhance Reliability**
- **Improve Transport Capability**



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MISO

- **Transmission Reliability**
- **Energy Market**
- **In the Future**
 - **Ancillary Services**
 - **Capacity Market**

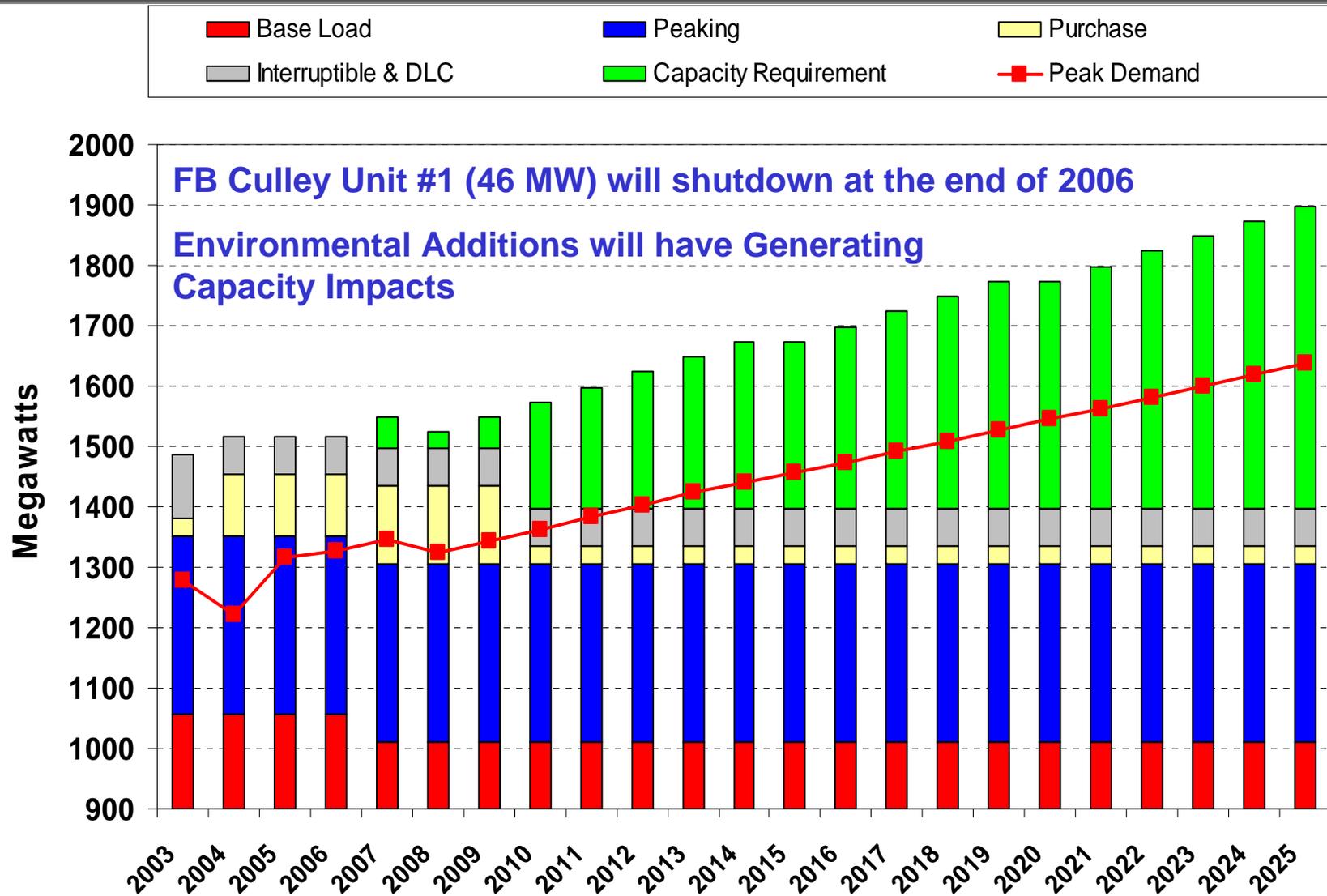


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Future Demand

Meet the Demand



Conclusion

Based on normal equipment availability we are confident that the Vectren System will be able to meet the need of Indiana customers in the Summer of 2006.



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